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Filed: 09-04-12

Sponsored by: Burlison

First Reading: September 10, 2012

Second Reading: September 24, 2012

COUNCIL BILL NO. 2012- 252

SPECIAL ORDINANCE NO. 26127

AN ORDINANCE

1 REALLOCATING a portion of the Hotel-Motel Tax revenues toward reducing the
2 City's General Fund debt subsidy associated with Hotel-Motel Tax
3 projects and non-profit projects, creating the Hotel-Motel Tax
4 Reallocation Committee to manage the grant award process, and
5 amending the budget of the City of Springfield for Fiscal Year 2012-
6 2013 in the amount of \$327,901.
7
8

9 WHEREAS, the citizens of Springfield approved a ballot measure on February 3,
10 1998, which authorized an increase in the tax paid by guests using hotels, motels, and
11 tourist courts for sleeping accommodations ("Hotel-Motel Tax"), for several purposes,
12 including making capital grants available to community not-for-profit organizations; and
13

14 WHEREAS, following voter approval of the Hotel-Motel Tax increase, the City
15 entered into a grant agreement in 1999 with the American National Fish and Wildlife
16 Museum District d/b/a Wonders of Wildlife (WOW), wherein the City agreed to pay to
17 WOW twenty percent (20%) of the total increase in tax revenues authorized by the 1999
18 ballot measure, less the collection fee of six percent (6%) for the purpose of assisting
19 WOW in the construction and operation of the Museum; and
20

21 WHEREAS, the City and WOW terminated their grant agreement in 2011 by
22 Special Ordinance No. 26013, and as part of this termination, WOW agreed to forego
23 receipt of all Hotel-Motel Tax proceeds after the termination date ("WOW tax funds"),
24 and City Council authorized the WOW tax funds to be reallocated to entities that qualify
25 to receive said funds under the February 3, 1998 ballot, under the terms and conditions
26 Council adopted in Special Ordinance No. 23448; and
27

28 WHEREAS, City Council committees, City staff, and various stakeholders have
29 worked toward identifying the most appropriate reallocation of the WOW tax funds; and
30

31 WHEREAS, this ordinance establishes the allocation of the WOW tax funds to
32 both City and non-profit sources; and
33

34 WHEREAS, an amendment to the budget of the City for Fiscal Year 2012-2013,
35 for the appropriation of such funds has been approved and recommended by the City
36 Manager and the department or agency head concerned, and said budget adjustment
37 will allow for the appropriation of the funds; and
38

39 WHEREAS, a new committee shall be formed to manage the allocation of the
40 WOW tax funds to non-profit organizations.
41

42 NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF
43 SPRINGFIELD, MISSOURI, as follows, that:
44

45 Section 1 – The Hotel-Motel Tax proceeds that WOW agreed to forego upon
46 termination of its grant agreement with the City ("WOW tax funds"), which accumulated
47 from the date of the termination of WOW's agreement through the date of approval of
48 this ordinance, shall be allocated to the City for the purpose of needed upgrades to the
49 Expo Center.
50

51 Section 2 – The budget for Fiscal Year 2012-2013 of the City of Springfield,
52 Missouri, is hereby amended in the accounts and in the amounts as shown on Budget
53 Adjustment No. 0015, a copy of which is attached hereto and incorporated herein by
54 reference as "Exhibit A."
55

56 Section 3 – The City Council hereby finds that the budget adjustment made
57 above has been recommended by the City Manager.
58

59 Section 4 – The City Manager is directed to cause the appropriate accounting
60 entries to be made in the books and records of the City.
61

62 Section 5 – Forty percent (40%) of the WOW tax funds accumulating from the
63 date of approval of this ordinance until the expiration of the tax shall be allocated to the
64 City for the purpose of reducing the City's General Fund subsidy of debt relating to
65 Jordan Valley Park projects funded as part of the 1998 Hotel-Motel Tax referendum and
66 Mediacom Ice Park operating shortfalls.
67

68 Section 6 – The remaining sixty percent (60%) of the WOW tax funds
69 accumulating from the date of approval of this ordinance until the expiration of the tax
70 shall be allocated as capital grants available to community not-for-profit organizations
71 via a competitive process.
72

73 Section 7 – The City Council hereby establishes a Hotel-Motel Tax Reallocation
74 Committee ("Committee") for the City of Springfield, for the purpose of evaluating grant
75 proposals and recommending to City Council the capital grants referred to in Section 6
76 of this ordinance.
77

78 Section 8 – Membership of the Committee shall be appointed by the Mayor and
79 shall consist of:

80
81 Director of the Springfield Regional Arts Council (chair)
82 Convention and Visitors Bureau representative
83 Sports Commission representative
84 Springfield Hotel and Lodging Association representative
85 City Manager's Office representative
86 City Council liaison (non-voting)
87

88 Section 9 – The Committee will conduct all of its business in compliance with the
89 Sunshine Law.
90

91 Section 10 – The Committee shall use the four focus areas from the original
92 Hotel-Motel Tax ballot language – promoting tourism, recreation, education, and local
93 economy – as its criteria for awarding grants, and will make these criteria clear when
94 soliciting proposals. The Committee may elect to “bank” funds for multiple years toward
95 future projects, if it deems appropriate.
96

97 Section 11 – Per the ballot language, the grant funds shall only be used to fund
98 capital improvements. Each grant recipient must match the City's grant funding
99 contribution and the city funds shall not be disbursed for a project until the fifty percent
100 (dollar-for-dollar) matching funds are made available for the project as certified by the
101 Director of Finance for the City. Prior to the disbursement of funds, the grant recipient
102 must enter into a grant funding agreement with the City, which contract shall set forth
103 the obligations of the grant recipient and the City. City rules on expenditures of funds,
104 such as competitive bidding, prevailing wages, and special City bid specifications shall
105 apply for any project incorporating grant funds received under this program.
106

107 Section 12 – Non-profit organizations specifically noted in the original Hotel-Motel
108 Tax ballot language, other non-profit organizations that meet the necessary criteria, and
109 the City may compete for the funds by submitting proposals as required by the
110 Committee. The City may submit proposals related to City-owned facilities with no
111 match requirement.
112

113 Section 13 – The Springfield Regional Arts Council, Springfield Convention and
114 Visitor's Bureau, Springfield Sports Commission, and Springfield Hotel and Lodging
115 Association shall not be eligible to receive funds from the Committee. This ordinance
116 shall not be construed to impact any other Hotel-Motel Tax proceeds that any of those
117 organizations may already be receiving.
118

119 Section 14 – City Council shall make final approval, based on the Committee's
120 recommendations, of all awards of funds.
121

122 Section 15 – This ordinance shall be in full force and effect from and after
3 passage.
4

Passed at meeting: September 24, 2012

Robert L. Stephen

Mayor

Attest: Antia J. Catter, Assistant
City Clerk

Filed as Ordinance: September 24, 2012

Approved as to form: Oil R. Wilson, City Attorney

Approved for Council action: Greg Burt, City Manager

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EXPLANATION TO COUNCIL BILL NO: 2012- 252

FILED: 09-04-12

ORIGINATING DEPARTMENT: City Manager

PURPOSE: To reallocate a portion of the Hotel-Motel Tax revenues by applying the percentage recently foregone by the Wonders of Wildlife to be applied 40 percent toward reducing the City's debt subsidy associated with Jordan Valley Park projects as part of the 1998 Hotel-Motel Tax referendum, while allocating 60 percent to various non-profit projects based upon a competitive process aligned with the intent of the original ballot language.

BACKGROUND: On January 30, 2012, Council passed Special Ordinances No. 26013 in response to the Wonders of Wildlife Board of Directors announcement that they would no longer accept their percentage of the Hotel-Motel Tax revenues designated for the Wonders of Wildlife. Since that time, City Council committees, City staff, and various stakeholders have worked toward identifying the most appropriate reallocation of these funds. (Based upon the past four years' Hotel-Motel Tax revenue levels, the portion being reallocated amounts to approximately \$330,000 annually, but changes over time.)

On Tuesday, August 14, 2012, City Council, during a lunch workshop, instructed City staff to prepare two bills for consideration at their September 10, 2012 meeting – one bill that would apply 100 percent of the reallocated funds toward reduction of the City's General Fund subsidy of debt relating to Jordan Valley Park projects funded as part of the 1998 Hotel-Motel Tax referendum (the companion bill), and another bill that would apply 40 percent of the reallocated funds toward a reduction in this debt with the remaining 60 percent to be allocated to various non-profit entities via a competitive process based upon submitted projects and support of the Hotel-Motel Tax's voter-approved focus areas of tourism, recreation, education, and the local economy (this bill).

This bill would apply 40 percent of the reallocated funds toward reduction of the City's General Fund subsidy of debt associated with projects (Jordan Valley Park, Mediacom Ice Park) that were originally intended to be fully funded by Mediacom Ice Park operating revenues and Hotel-Motel Tax revenues. Since the Hotel-Motel Tax revenues and Mediacom Ice Park operating revenues have been unable to meet the original revenue projections provided prior to the February 3, 1998 election, the City has been subsidizing the debt payments since 2007. This bill, if approved, would reduce that subsidy.

Based upon an assumed 5 percent rate of increase in Hotel-Motel Tax revenues, the “subsidy” from the City’s General Fund would likely be covered in 2028. The peak payment would occur in 2024, when the annual subsidy payment from the City’s General Fund would be approximately \$1.44 million. The City’s total subsidy to cover the unplanned shortfall would be reduced from approximately \$16 million to approximately \$12.2 million from 2012-2028.

This bill would allocate the remaining 60 percent of the tax revenues via a competitive process. The Springfield Regional Arts Council (SRAC) has agreed to manage the competitive process of soliciting proposals and making funding recommendations to City Council annually (or as deemed appropriate).

The membership of the Reallocation Committee will consist of the following representation:

- Director of the Springfield Regional Arts Council (chair)
- Convention and Visitor’s Bureau (CVB) representative
- Sports Commission representative
- Springfield Hotel and Lodging Association (SHLA) representative
- City Manager’s Office representative
- City Council liaison (non-voting)

The Reallocation Committee will conduct all of its business in compliance with the Sunshine Law. The Reallocation Committee will use the four focus areas from the original Hotel-Motel Tax ballot language – promoting tourism, recreation, education, and the local economy – as its criteria for allocating funds, and will make this criteria clear when soliciting proposals within the community. Both non-profits specifically noted in the original ballot language and others that meet the necessary criteria and submit valid proposals may compete for these funds. The existing dollar-for-dollar match requirement will continue to apply to the non-profits (except the City) awarded capital grants from these funds (per Special Ordinance No. 23448).

City Council will provide final approval of all allocations recommended by the Reallocation Committee. The Reallocation Committee may recommend “banking” funds for multiple years toward future, larger-impact projects, if it deems appropriate. Per the ballot language, the Hotel-Motel funds can only be used to fund capital expenses.

The SRAC, CVB, the Sports Commission, and SHLA will not be eligible to receive funds via this process. CVB already receives a percentage of the Hotel-Motel Tax, and SRAC and the Sports Commission already receive a percentage of the Hotel-Motel Tax administration fee that the City elected to forego years ago. The City will be allowed to

submit funding proposals for consideration regarding City-owned facilities without a match requirement.

This bill also proposes that the amount of Hotel-Motel Tax revenues (\$327,901) that have accumulated since the termination of the Wonders of Wildlife grant agreement will be allocated toward needed upgrades for the City-owned Expo Center.

The City Attorney has opined that this type of reallocation is a valid and legal use of these funds.

Submitted by:

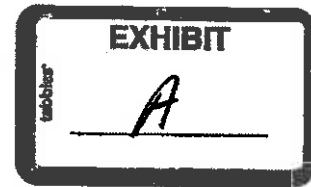


Dan Wichmer, City Attorney



Greg Burris, City Manager

**CITY OF SPRINGFIELD, MO
BUDGET ADJUSTMENT**



BA Number
0015

Revenues:

Fund	Org	Acct.	Amount	Description	F/G
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Net Revenue Adjustment

Expenditures:

Fund	Org	Acct.	Amount	Description	F/G
2650	5931	53755	(327,901)	Tax Allocated to WOW	
2650	4011	58320	327,901	Expo Capital Improvements	

Net Expenditure Adjustment (0)

Fund Balance

Fund	Fund Title	Amount
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EXPLANATION: Reallocating hotel/motel tax collected from November 2011 to August 2012 designated to Wonders of Wildlife to the City to be used for capital improvements at the Expo Center.

REQUESTED BY:

Mary M. O'Becker
DEPARTMENT HEAD DATE

APPROVED BY:

Mary M. O'Becker
DIRECTOR OF FINANCE DATE

AUTHORIZATION:

COUNCIL BILL _____

EFFECTIVE DATE _____

CITY MANAGER DATE